

**AIR SERVICES AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF THE REPUBLIC OF LATVIA**  
**AND**  
**THE GOVERNMENT OF THE REPUBLIC OF CHILE**

The Government of the Republic of Latvia and the Government of the Republic of Chile, hereinafter referred to as “the Contracting Parties”;

Desiring to promote an aviation system based on competition among airlines in the marketplace, with minimum government interference and regulation, and equal opportunities;

Desiring to facilitate the expansion of international air services;

Recognizing that efficient and competitive international air services enhance trade, the welfare of consumers, and economic growth;

Desiring to make it possible for airlines to offer the traveling and shipping public a variety of service options at the lowest prices that are not discriminatory and do not represent abuse of a dominant position, and wishing to encourage individual airlines to develop and implement innovative and competitive prices; and

Desiring to ensure the highest degree of safety and security in international air services and reaffirming their serious concern about acts or threats against the security of aircraft, which jeopardize the safety of persons or property, adversely affect the operation of air transportation, and undermine public confidence in the safety of civil aviation;

Being parties to the Convention on International Civil Aviation opened for signature at Chicago on December 7, 1944;

Have agreed as follows:

## **ARTICLE 1 DEFINITIONS**

1. For the purposes of this Agreement, unless otherwise stated, the term:

a) "Convention" means the Convention on International Civil Aviation opened for signature at Chicago on the seventh day of December, 1944, and includes any Annex adopted under Article 90 of that Convention, and any amendment of the Annexes or Convention under Articles 90 and 94, insofar as such Annexes and amendments have become effective for both Contracting Parties;

b) "aeronautical authorities" means, in the case of the Republic of Latvia, the Ministry of Transport; in the case of the Republic of Chile - the Civil Aeronautics Board; or in both cases any other authority or person empowered to perform the functions now exercised by the said authorities;

c) "Agreement" means this Agreement as well as any amendments thereto;

d) "code sharing" means a business arrangement among designated airlines of both Contracting Parties and/or third country airlines under which they jointly operate a specific route for carrying passengers, cargo, and mail, one as operator and marketer and the other as marketer.

e) "air transportation" means the public carriage by aircraft of passengers, baggage, cargo and mail, separately or in combination, for remuneration or hire;

f) "designated airline" means an airline which has been designated and authorized in accordance with Article 3 of this Agreement;

g) "cabotage" means air transportation in which passengers, baggage, cargo and mail which are taken on board in a State's territory are destined to another point in that same State's territory;

h) "ICAO" means the International Civil Aviation Organization;

i) "intermodal air transportation" means the public carriage by aircraft and by one or more surface modes of transport of passengers, baggage, cargo and mail, separately or in combination, for remuneration or hire;

j) “price” means any fare, rate or charge for the carriage of passengers, baggage and/or cargo (excluding mail) in air transportation (including any other mode of transportation in connection therewith) charged by airlines, including their agents, and the conditions governing the availability of such fare, rate or charge;

k) “territory” has the meaning assigned to it in Article 2 of the Convention;

l) “user charges” means a charge made to airlines by the competent authorities, or permitted by them to be made, for the provision of airport facilities or of air navigation facilities, or aviation security facilities or services, including related services and facilities, for aircraft, their crews, passengers and cargo;

m) “air service”, “international air service”, “airline”, and “stop for non-traffic purposes”, have the meanings assigned to them in Article 96 of the Convention;

n) “EU Member States” means Member States of the European Union;

o) “EU Treaties” means the Treaty on European Union and the Treaty on the Functioning of the European Union.

2. References in this Agreement to nationals of the Republic of Latvia shall be understood as referring to nationals of European Union Member States. References in this Agreement to airline or airlines of the Republic of Latvia shall be understood as referring to airline or airlines designated by the Republic of Latvia.

## **ARTICLE 2 GRANT OF RIGHTS**

1. Each Contracting Party grants to the other Contracting Party the following rights for the purpose of operating air services by the designated airlines of the other Party:

a) the right to fly without landing across its territory;

b) the right to make stops in its territory for non-traffic purposes;

c) the right to provide air services, for passengers and cargo, between points in both Contracting Parties and between the territory of the other Contracting Party and any third country, directly or through its own territory, and such air services shall include any point of the territory of the Contracting Party designating the airline; without limitations regarding routes, frequencies, and types of aircraft, that can be its own, hired or chartered.

2. The rights other than those specified in paragraph 1 of this Article are subject to an agreement between the aeronautical authorities of both Contracting Parties.

3. The designated airlines of one Contracting Party shall have the right to use all airways, airports, and other facilities in the territory of the other Contracting Party on a non-discriminatory basis.

4. Each designated airline of either Contracting Party may, on any or all flights and at its option:

- a) operate flights in either or both directions;
- b) combine different flight numbers within one aircraft operation;
- c) serve behind, intermediate, and beyond points, and points within the territories of the Parties on any route in any combination and in any order;
- d) omit stops at any point or points, provided that the air services on these routes include a point in the territory of the Contracting Party designating the airline;
- e) transfer traffic from any of its aircraft to any other aircraft at any point on the routes, including those operated under any of the modalities specified in Articles 13 (Codesharing/Cooperative Arrangements) and 14 (Aircraft Leasing), at any point on any route; and
- f) serve points behind any point in its territory, with or without change of aircraft or flight number, and may hold out and advertise such services to the public as direct services.

5. The airline(s) of each Contracting Party, other than those designated under Article 3 and 4 of this Agreement, shall also enjoy the rights specified in paragraphs 1 a) and b) of this Article.

**ARTICLE 3  
DESIGNATION OF AIRLINES AND OPERATING  
AUTHORIZATION**

1. Each Contracting Party shall have the right to designate in writing to the other Contracting Party one or several airlines for the purpose of operating the agreed services on the specified routes.

2. Each Contracting Party shall have the right to withdraw or alter such designation by written notification to other Contracting Party.

3. On receipt of such a designation the other Contracting Party shall grant the appropriate authorisations and permissions with minimum procedural delay, provided:

a) in the case of an airline designated by the Republic of Latvia:

i) it is established in the territory of the Republic of Latvia under the EU Treaties and has a valid Operating Licence in accordance with European Union law; and

ii) effective regulatory control of the airline is exercised and maintained by the European Union Member State responsible for issuing its Air Operator's Certificate and the relevant aeronautical authority is clearly identified in the designation; and

iii) the airline is owned, directly or through majority ownership, and it is effectively controlled by Member States of the European Union or the European Free Trade Association and/or by nationals of such states;

b) in the case of an airline designated by the Republic of Chile:

i) it is established in the territory of the Republic of Chile and is licensed in accordance with the applicable law of the Republic of Chile; and

ii) effective regulatory control of the airline is exercised and maintained by the Republic of Chile responsible for issuing its Air Operator's Certificate and the relevant aeronautical authority is clearly identified in the designation; and

iii) the airline is incorporated and has its principal place of business in the territory of the Republic of Chile.

c) The aeronautical authorities of one Contracting Party may require an airline designated by the other Contracting Party to satisfy them that it is qualified to fulfill the conditions prescribed under the laws and regulations normally and reasonably applied to the operation of international air services by such authorities in conformity with the provisions of the Convention.

4. When an airline has been so designated and authorized it may begin at any time to operate the agreed services, provided that the airline complies with all applicable provisions of this Agreement.

#### **ARTICLE 4 REFUSAL, REVOCATION OR SUSPENSION OF OPERATING AUTHORIZATION**

1. Either Contracting Party may revoke, suspend or limit the operating authorisation or technical permissions of an airline designated by the other Contracting Party where:

a) in the case of an airline designated by the Republic of Latvia:

i) it is not established in the territory of the Republic of Latvia under the EU Treaties or does not have a valid Operating Licence in accordance with European Union law; or

ii) effective regulatory control of the airline is not exercised or not maintained by the European Union Member State responsible for issuing its Air Operator's Certificate, or the relevant aeronautical authority is not clearly identified in the designation; or

iii) the airline is not owned, directly or through majority ownership, or it is not effectively controlled by Member States of the European Union or the European Free Trade Association and/or by nationals of such states; or

iv) the Republic of Chile considers that, by exercising traffic rights under this Agreement, the airline would be circumventing restrictions on traffic rights imposed by a bilateral agreement between the Republic of Chile and another Member State of the European Union or the European Free Trade Association; or

v) the airline holds an Air Operators Certificate issued by a Member State of the European Union or the European Free Trade Association, and there is no bilateral air services agreement between the Republic of Chile and that State, and traffic rights to that State have been denied to an airline designated by the Republic of Chile.

b) in the case of an airline designated by the Republic of Chile:

i) it is not established in the territory of the Republic of Chile or is not licensed in accordance with the applicable law of the Republic of Chile; or

ii) effective regulatory control of the airline is not exercised or not maintained by the Republic of Chile responsible for issuing its Air Operator's Certificate, or the relevant aeronautical authority is not clearly identified in the designation; or

iii) the airline is not incorporated or does not have its principal place of business in the territory of the Republic of Chile;

c) in the case of failure by that airline to comply with the laws and regulations of the Contracting Party granting these rights, or

d) in any case in which that airline otherwise fails to operate the agreed services in accordance with the conditions prescribed under this Agreement, or

e) in the case of failure by the other Contracting Party to comply with or apply the Security and Safety standards in accordance with Articles 6 and 7 of this Agreement.

2. Unless immediate revocation, suspension or imposition of the conditions mentioned in paragraph 1 of this Article is essential to prevent further infringements of laws and/or regulations, such right shall be exercised only after consultations with the aeronautical authorities of the other Contracting Party. Such consultations shall begin within a period of thirty (30) days from the date of a request for consultations.

## **ARTICLE 5 APPLICATION OF LAWS**

1. The laws and regulations of one Contracting Party governing entry into, stay in and departure from its territory of aircraft engaged in international air services, or the operation and navigation of such aircraft while within its territory, shall be applied to aircraft of the designated airline of the other Contracting Party.

2. The laws and regulations of one Contracting Party relating to the entry into, stay in and departure from its territory of passengers, crew and cargo including mail such as those regarding immigration, customs, currency and health and quarantine shall apply to passengers, crew, cargo and mail carried by the aircraft of the designated airline of the other Contracting Party while they are within the said territory.

3. Neither Contracting Party shall give preference to its own or any other airline over a designated airline of the other Contracting Party engaged in similar air transportation in the application of its immigration, customs, quarantine and similar regulations.

## **ARTICLE 6 SAFETY**

1. Each Contracting Party may request consultations at any time concerning the safety standards maintained by the other Contracting Party in areas relating to aeronautical facilities, flight crew, aircraft and the operation of the designated airline(s). Such consultations shall take place within thirty (30) days of that request.

2. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in the areas referred to in paragraph 1 of this Article that meet the Standards established at that time pursuant to the Convention, the other Contracting Party shall be informed of such findings and of the steps considered necessary to conform with the standards that may be established pursuant the Convention. The other Contracting Party shall then take appropriate corrective action within an agreed time period.

3. Pursuant to Article 16 of the Convention, it is further agreed that, any aircraft operated by, or on behalf of an airline of one Contracting Party, on service to or from the territory of the other Contracting Party,



may, while within the territory of the other Contracting Party be the subject of a search by the authorized representatives of the other Contracting Party, provided this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligations mentioned in Article 33 of the Convention, the purpose of this search is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the Standards established at that time pursuant to the Convention.

4. When urgent action is essential to ensure the safety of an airline operation, each Contracting Party reserves the right to immediately suspend or vary the operating authorization of an airline(s) of the other Contracting Party.

5. Any action by one Contracting Party in accordance with paragraph 4 of this Article shall be discontinued once the basis for the taking of that action ceases to exist.

## **ARTICLE 7 AVIATION SECURITY**

1. Consistent with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Contracting Parties shall, in particular, act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on 14 September 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on 16 December 1970; the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on 23 September 1971, the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, Supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation done at Montreal on 23 September 1971, signed at Montreal on 24 February 1988, and the Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal on 1 March 1991, as well as with any other Convention and Protocol relating to the security of civil aviation which both Contracting Parties adhere to.

2. The Contracting Parties shall provide, upon request, all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.

3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by ICAO and designated as Annexes to the Convention, insofar as such provisions are applicable to the Contracting Parties; they shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions.

4. Each Contracting Party agrees that such operators of aircraft shall be required to observe the aviation security provisions required by the other Contracting Party for entry into, departure from, or while within, the territory of that other Contracting Party, in conformity with the laws and regulations in force in that Contracting Party, including, in the case of the Republic of Latvia, European Union law. Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give sympathetic consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.

5. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

6. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the provisions of this Article, the first Contracting Party may request consultations. Such consultations shall start within fifteen (15) days of receipt of such a request from either Contracting Party. Failure to reach a satisfactory agreement within fifteen (15) days from the start of consultations shall constitute grounds for withholding, revoking, suspending or imposing conditions on the authorizations of the airline or airlines designated by the other Contracting Party. When justified by an emergency, or to

prevent further non-compliance with the provisions of this Article, the first Contracting Party may take interim action prior to the expiry of fifteen (15) days.

## **ARTICLE 8 STATISTICS**

The aeronautical authorities of both Contracting Parties shall supply each other, on request, with periodic statistics or other similar information relating to the traffic carried on the agreed services.

## **ARTICLE 9 RECOGNITION OF CERTIFICATES**

1. Certificates of airworthiness, certificates of competency and licenses issued or rendered valid by one Contracting Party and still in force shall be recognized as valid by the other Contracting Party for the purpose of operating the agreed services provided that the requirements under which such certificates and licences were issued or rendered valid are equal to or above the minimum standards which may be established pursuant to the Convention.

2. If the privileges or conditions of the licences or certificates referred to in paragraph 1 of this Article, issued by the competent authorities of one Contracting Party to any person or designated airline or in respect of an aircraft used in the operation of the agreed services, should permit a difference from the minimum standards established under the Convention, and which difference has been filed with the ICAO, the other Contracting Party may request consultations between the aeronautical authorities with a view to clarifying the practice in question.

3. Each Contracting Party reserves the right, however, to refuse to recognize for the purpose of flights above or landing within its own territory, certificates of competency and licenses granted to its own nationals by the other Contracting Party.

## **ARTICLE 10 GROUND HANDLING**

1. Subject to the laws and regulations of the Contracting Parties, and in case of the Republic of Latvia, European Union law, each Contracting Party shall authorize airline(s) of the other Contracting Party, at each airline's choice, to:

- a) perform its own ground handling services;
- b) handle another or other airline(s);
- c) join with others in forming a service-providing entity; and/or
- d) select among competing service providers.

2. A designated airline(s) of one Contracting Party is permitted to choose freely from among the alternatives available in the territory of the other Contracting Party and to combine or change its option, except where this is demonstrably impractical and also where constrained by relevant safety and security considerations, and (with the exception of self-handling in paragraph 1) by the scale of airport operations being too small to sustain competitive providers.

3. Contracting Parties would always be required to take the necessary measures to ensure reasonable cost-based pricing and fair and equal treatment for the designated airline(s) of the other Contracting Party.

## **ARTICLE 11 COMMERCIAL ACTIVITIES**

1. The designated airline(s) of each Contracting Party shall have the right to maintain in the territory of the other Contracting Party, within the scope of the laws and regulations in force therein, such offices and administrative, commercial and technical personnel as may be necessary for the requirements of the designated airline concerned.

2. The establishment of the offices and the employment of the personnel referred to in paragraph 1 of this Article shall be subject to the laws and regulations of the Contracting Party concerned, such as the laws and regulations relating to the admission of foreigners and their stay in the territory of the Contracting Party concerned. The personnel employed in the offices according to paragraph 1 of this Article shall comply with the regulations of the receiving Contracting Party concerning entry, residence and employment.

3. The designated airline(s) of one Contracting Party shall be free to sell air transport services on their own transportation documents in the territory of other Contracting Party, either directly or through an agent, in the national currency. Each Contracting Party shall refrain from restricting the right of the designated airline(s) of the other Contracting Party to sell, and of any person to purchase such transportation.

**ARTICLE 12  
CURRENCY CONVERSION AND REMITTANCE OF  
EARNINGS**

1. The designated airline(s) of the Contracting Parties shall be free to transfer the excess of the receipts over expenditure in the territory of the sale.

2. Such transfers shall be effected in a freely convertible currency at the official rate of exchange and shall not, with the exception of normal banking charges and procedures, be subject to any charge, limitation, imposition or delay.

3. Where a special agreement for avoidance of double taxation with respect to taxes on income and capital exists between the Contracting Parties, the provisions of such agreement shall prevail.

**ARTICLE 13  
CODESHARING/COOPERATIVE ARRANGEMENTS**

In operating or holding out the authorized services, any designated airline of one Contracting Party may enter into cooperative marketing arrangements such as blocked space or codesharing arrangements, with:

- a) an airline or airlines of either Contracting Party; or
- b) an airline or airlines of a third country;

provided, that the airline or airlines in such arrangements hold the necessary traffic rights and that tickets and/or airwaybills make it clear to the purchaser at the point of sale, at check-in, and before boarding where no check-in is required for connecting flights, which airline will actually operate each sector of the service and with which airline(s) the purchaser is entering into a contractual relationship.

**ARTICLE 14  
AIRCRAFT LEASING**

1. The designated airlines of each Contracting Party may provide services under this Agreement by using aircraft leased from any company, including airlines of third countries, provided that all participants in such arrangements meet the laws and regulations normally applied by the Contracting Parties to such arrangements.

2. Wet-leasing of aircraft shall be approved by the Aeronautical Authorities of each Contracting Party considering specific reasons informed by the designated airline.

3. Either Contracting Party may prevent the use of leased aircraft for services under this Agreement which does not comply with Articles 6 (Safety) and 7 (Security).

## **ARTICLE 15 INTERMODAL AIR TRANSPORTATION**

The designated airlines of each Contracting Party shall have the right to employ, in connection with their air services, any surface transport to or from any point in the territories of the Contracting Parties or third countries. The designated airlines may elect to perform its own surface transport or to provide it through arrangements, including code-share, with other surface carriers, subject to laws and regulations in force in the territory of a Contracting Party concerned. The intermodal air transportation may be offered as a direct service and at a single price for the air and surface transport combined, provided that passengers and shippers are informed as to the facts concerning such transport.

## **ARTICLE 16 CUSTOMS DUTIES**

1. Aircraft operated on international air services by a designated airline of one Contracting Party, as well as its regular equipment, spare parts, supplies of fuel, lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempted, on the basis of reciprocity, from all customs duties, inspection fees and other similar charges on arriving in the territory of the other Contracting Party in accordance with the provisions of the laws and regulations in force of each Contracting Party, provided that such equipment, spare parts, and supplies of fuel and lubricants and aircraft stores remain on board the aircraft up to such time as they are re-exported or are used or consumed by such aircraft on flights over that territory.

2. There shall also be exempt, on the basis of reciprocity, from the same duties, fees and charges referred to in paragraph 1 of this Article, in accordance with the provisions of the laws and regulations in force of each Contracting Party, with the exception of charges corresponding to the services provided:

a) aircraft stores taken on board in the territory of one Contracting Party within reasonable limits fixed by the competent authorities of the said Contracting Party, for use on board aircraft engaged in the agreed services by the designated airline of the other Contracting Party;

b) spare parts, including engines, introduced into the territory of one Contracting Party for the maintenance or repair of aircraft engaged in the agreed services by the designated airline of the other Contracting Party; and

c) fuel, lubricants and consumable technical supplies destined to supply aircraft operated on the agreed services by the designated airline of the other Contracting Party, even when these supplies are to be used on the part of the journey performed over the territory of the other Contracting Party in which they are taken on board.

3. Materials referred to in paragraph 2 of this Article may be required to be kept under customs supervision or control.

4. The regular airborne equipment, as well as the materials, supplies and spare parts normally retained on board aircraft operated by a designated airline of one Contracting Party, may be unloaded in the territory of the other Contracting Party only with the approval of the customs authorities of that other Contracting Party. In such case, they may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.

5. The necessary documents, such as printed ticket stock, air waybills, any printed material which bears the insignia of the company thereon and usual publicity material distributed free of charge intended for the use or used solely in connection with the operation or servicing of aircraft of the designated airline of one Contracting Party operating the agreed services, shall be exempt, on the basis of reciprocity, from customs duties and other similar charges in the territory of the other Contracting Party, in accordance with the provisions of the laws and regulations in force of that other Contracting Party.

6. Without prejudice to security laws and regulations, passengers, baggage and cargo in direct transit across the territory of a Contracting Party and not leaving the area of the airport reserved for such purpose shall be subject to no more than a simplified control. Baggage and cargo in direct transit shall be exempt from customs duties, fees and other similar charges.

## **ARTICLE 17 USER CHARGES**

1. Neither Contracting Party shall impose or permit to be imposed on the designated airlines of the other Contracting Party user charges higher than those imposed on its own airlines operating similar air services.

2. Each Contracting Party shall encourage consultations on user charges between its competent charging authority and airlines using the service and facilities provided by those charging authorities, where practicable through those airlines' representative organizations. Reasonable notice of any proposals for changes in user charges should be given to such users to enable them to express their views before changes are made. Each Contracting Party shall further encourage its competent charging authority and such users to exchange appropriate information concerning user charges.

## **ARTICLE 18 CAPACITY**

1. Each Contracting Party shall allow each designated airline to freely determine the frequency and capacity of the air services it offers.

2. Neither Contracting Party shall unilaterally limit the volume of traffic, frequency, or regularity of service, or the aircraft type or types operated by the designated airlines of the other Contracting Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention and always on a non-discriminatory basis.

3. A Contracting Party may require the filing of schedules. In such case, it shall minimize the administrative burdens of filing requirements and procedures on air services intermediaries and on designated airlines of the other Contracting Party.

## **ARTICLE 19 COMPETITION LAWS**

1. Each designated airline shall have a fair competitive environment under the competition laws of the Contracting Parties.



2. The Contracting Parties shall inform each other about their competition laws, policies and practices or changes thereto, and any particular objectives thereof, which could affect the operation of air services under this Agreement and shall identify the authorities responsible for their implementation.

3. The Contracting Parties shall, to the extent permitted under their own laws and regulations, assist each other's airlines by providing guidance as to the compatibility of any proposed airline practice with their competition laws, policies and practices.

4. The Contracting Parties shall notify each other whenever they consider that there may be incompatibility between the application of their competition laws, policies and practices and the matters related to the operation of this Agreement; the consultation process contained in this Agreement shall, if so requested by either Contracting Party, be used to determine whether such a conflict exists and to seek ways of resolving or minimizing it.

5. The Contracting Parties shall notify one another of their intention to begin proceedings against each other's airline(s) or of the institution of any relevant private legal actions under their competition laws which may come to their attention.

6. Without prejudice to the right of action of either Contracting Party the consultation process contained in this Agreement shall be used whenever either Contracting Party so requests and should aim to identify the respective interests of the Contracting Parties and the likely implications arising from the particular competition law action.

7. The Contracting Parties shall endeavor to reach agreement during such consultations, having due regard to the relevant interests of each Contracting Party and to alternative means which might also achieve the objectives of that competition law action.

8. In the event an agreement is not reached, each Contracting Party shall, in implementing its competition laws, policies and practices, give full and sympathetic consideration to the views expressed by the other Contracting Party and shall have regard to international comity, moderation and restraint.

9. The Contracting Party under whose competition laws a private legal action has been instituted shall facilitate access by the other Contracting Party to the relevant judicial body and/or, as appropriate,

provide information to that body. Such information could include its own foreign relations interests, the interests of the other Contracting Party as notified by that Contracting Party and, if possible, the results of any consultation with that other Contracting Party concerning the action.

10. The Contracting Parties shall cooperate, to the extent not precluded by their national laws or policies and in accordance with any applicable international obligations, in allowing the disclosure by their airlines or other nationals of information pertinent to a competition law action to the competent authorities of each other, provided that such cooperation or disclosure would not be contrary to their significant national interests.

11. While an action taken by the competition law authorities of one Contracting Party is the subject of consultations with the other Contracting Party, the Contracting Party in whose territory the action is being taken shall, pending the outcome of these consultations, refrain from requiring the disclosure of information situated in the territory of the other Contracting Party and that other Contracting Party shall refrain from applying any blocking legislation.

## **ARTICLE 20 PRICES**

1. Designated airlines of either of the Contracting Party shall be free to establish the prices for air transportation. Intervention by the Contracting Parties shall be limited to:

- a) prevention of unreasonably discriminatory prices or practices;
- b) consumer protection from prices that are unreasonably high or restrictive due to the abuse of a dominant position; and
- c) protection of the designated airlines of the Contracting Parties from prices that are artificially low due to direct or indirect governmental subsidy or support, or where evidence exists as to an intent to eliminate competition.

2. Neither aeronautical authority of the Contracting Parties shall take unilateral action to prevent the inauguration of a proposed price or the continuation of an effective price of a designated airline of either Contracting Party for carriage under this Agreement.

3. The Contracting Parties may require airlines to register their prices for information purposes, and in a non-discriminatory basis.

4. Each Contracting Party may request consultation regarding any price of an airline of either Contracting Party for services covered by this Agreement. Such consultations shall be held not later than thirty (30) days after receipt of the request. The Contracting Parties shall cooperate in securing information necessary for reasonable resolution of the issue. If the Contracting Parties reach agreement with respect to a price for which notice of dissatisfaction has been given, each Contracting Party shall use its best efforts to put that agreement into effect but if no agreement is reached the price in question shall go into or continue in effect.

## **ARTICLE 21 CONSULTATIONS AND AMENDMENTS**

1. Either Contracting Party may, at any time, request consultation on the interpretation, application, implementation or amendment of this Agreement or compliance with this Agreement and its Annex.

2. Such consultations, which may be through discussion or by correspondence, shall begin within a period of forty-five (45) days from the date the other Contracting Party receives a written request, unless otherwise agreed by the Contracting Parties.

3. Either Contracting Party may at any time request consultation with the other Contracting Party for the purpose of amending the present Agreement including its Annexes. Such consultation shall begin within a period of sixty (60) days from the date of receipt of such request. Such consultations may be conducted through discussion or by correspondence.

4. Any amendment of this Agreement including its Annexes or so agreed shall enter into force in accordance with Article 27 of this Agreement.

## **ARTICLE 22 SETTLEMENT OF DISPUTES**

1. Any dispute arising between the Contracting Parties as to the interpretation or application of this Agreement shall be first settled by consultations between the Contracting Parties. If the Contracting Parties fail to reach a settlement through consultation, they can agree to submit the dispute to an arbitral panel.

2. This arbitral panel shall be composed of three members established as follows:

a) each Contracting Party shall designate an arbitrator within thirty (30) days after receipt of the request of arbitration. Within sixty (60) days after the two arbitrators have been appointed, they shall appoint, by mutual agreement, a third arbitrator, who will act as President of the arbitration panel; and

b) if either Contracting Party does not designate an arbitrator or if the third arbitrator is not designated as stated in subparagraph a), the arbitrator or arbitrators shall, at the request of either Contracting Party, be designated by the President of the Council of the ICAO within thirty (30) days. If the President of the Council is a national of either Contracting Party, or for any reason may not act in accordance with this Article, the appointment shall be made by the most senior Vice President who is not disqualified for the same reason.

3. The Contracting Parties undertake to comply with the procedure, decisions and the judgment handed down by the arbitral panel. If decisions handed down in accordance with this Article are not observed by either Contracting Party or the designated airlines of either of them, the other Contracting Party may limit, impede, or revoke any right or privilege granted to the other non-compliant Contracting Party pursuant to this Agreement.

4. Costs incurred as a result of the arbitral panel shall be shared equally by the Contracting Parties.

### **ARTICLE 23 TERMINATION**

Either Contracting Party may, at any time, give notice in writing, through diplomatic channels, to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be simultaneously communicated to ICAO. This Agreement shall terminate twelve (12) months after the date of receipt of the notice by the other Contracting Party, unless the notice is withdrawn by agreement before the end of this period. In the absence of acknowledgement of receipt by the other Contracting Party, the notice shall be deemed to have been received fourteen (14) days after receipt of the notice by ICAO.

**ARTICLE 24  
MULTILATERAL AGREEMENT**

If a multilateral agreement concerning air transport comes into force in respect of both Contracting Parties, the present Agreement shall be deemed to be amended so as to conform with the provisions of that multilateral agreement.

**ARTICLE 25  
REGISTRATION WITH ICAO**

This Agreement and any amendment thereto shall be registered upon its signature with the ICAO by both Contracting Parties.

**ARTICLE 26  
NON-DISCRIMINATION**

The Contracting Parties understand that this Agreement is based on the principle of non-discrimination, in terms that each Contracting Party shall grant to the other Contracting Party an equal and non-discriminatory treatment concerning the airlines designated by each Contracting Party, particularly in relation to the rights and obligations set forth in this Agreement, including, but not limited to, taxes, tariffs, prices, commercial opportunities, security, use of airports, landing permits, assignment of slots, or the exercise of the traffic rights agreed in this Agreement.

**ARTICLE 27  
ENTRY INTO FORCE**

This Agreement shall enter into force sixty (60) days after the date of the receipt of the later of notifications by which the Contracting Parties have notified each other through diplomatic channels that their constitutional procedures for the entry into force of this agreement have been completed.

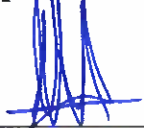
IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE AT *Bogota*....., this *6*..... day of *December*....., in two identical copies, in the Latvian, English and Spanish languages, each text being equally authentic. In case of divergence between the texts, the English language version shall prevail.

**For the government of the  
Republic of Latvia**

  
\_\_\_\_\_

**For the government of the  
Republic of Chile**

  
\_\_\_\_\_

**ANNEX**

List of other states referred to in Article 3 and 4 of this Agreement:

- a) The Republic of Iceland (under the Agreement on the European Economic Area);
- b) The Principality of Liechtenstein (under the Agreement on the European Economic Area);
- c) The Kingdom of Norway (under the Agreement on the European Economic Area);
- d) The Swiss Confederation (under the Agreement between the European Community and the Swiss Confederation on Air Transport).